

## 2001 Charitable Remainder and Pooled Income Trusts

541-B

Full name of trust			Check box if this is a "Final Return" <input type="checkbox"/> FEIN	
Name of trustee(s)		PMB no.	Date trust created	
Address(es) of trustee(s) (number and street, including suite number or rural route)			Check whether: <input type="checkbox"/> Charitable lead trust <input type="checkbox"/> Charitable remainder annuity trust <input type="checkbox"/> Charitable remainder unitrust <input type="checkbox"/> Pooled income fund <input type="checkbox"/> Other	
City, town, or post office	State	ZIP Code		

**Part I Ordinary Income** (IRC Section 664 trust only)

1 Interest income .....	1		
2 Dividends .....	2		
3 Business income (or loss). Attach federal Schedule C or C-EZ (Form 1040) .....	3		
4 Rents, royalties, partnership, other estates, and trusts. Attach federal Schedule E (Form 1040) .....	4		
5 Farm income (or loss). Attach federal Schedule F (Form 1040) .....	5		
6 Ordinary gain (or loss). Attach Schedule D-1 .....	6		
7 Other income. State nature of income .....	7		
8 Total ordinary income. Add line 1 through line 7 .....	8		

**Deductions Allocable to Ordinary Income**

9 Interest .....	9		
10 Taxes .....	10		
11 Other deductions. Attach schedule .....	11		
12 Total deductions. Add line 9 through line 11 .....	12		
13 Ordinary income less deductions. Subtract line 12 from line 8. Enter here and on line 20, column (a) .....	13		

**Capital Gains (Losses) and Allocable Deductions**

14 Net capital gain (loss) from Schedule D (541), line 8 .....	14			
15 Add unused capital loss carryover from Schedule D (541) .....	15			
16 Balance. Add line 14 and line 15 .....	16			
17 Less allocable deductions .....	17			
18 Balance. Subtract line 17 from line 16. Enter here and on line 20, column (b) .....	18			

**Part II Accumulation Schedule** (IRC Section 664 trust only)

Accumulations	(a) Ordinary income	(b) Capital gains (losses)	(c) Nontaxable income
19 Undistributed from prior years .....			
20 Current year (before distributions) .....			
21 Total. Add line 19 and line 20 .....			
22 Undistributed at end of taxable year .....			

**Part III Current Distributions Schedule** (IRC Section 664 trust only)

Name of recipient	Federal identifying number	(a) Ordinary income	(b) Capital gains (losses)	(c) Nontaxable income and corpus
23 • .....	•	•	•	•
24 • .....	•	•	•	•

**Part IV Unrelated Business Taxable Income**

25 Did the trust have any unrelated business taxable income? ☐ Yes ☐ No

If "Yes," file a separate Form 541 to report the tax due \$ or overpaid tax \$

<b>Please Sign Here</b>	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.			Date	Trustee's SSN/FEIN
	Signature of trustee or officer representing trustee				
<b>Paid Preparer's Use Only</b>	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Paid preparer's SSN/PTIN	
	Firm's name (or yours, if self-employed) and address			FEIN	
				ZIP Code	

Mail return to: FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0002

**Part V Balance Sheet**

Assets		(a) Beginning-of-Year Book Value	(b) End-of-Year Book Value	(c) FMV (see instructions)
26	Cash – non-interest bearing .....	26		
27	Savings and temporary cash investments .....	27		
28	a Accounts receivable ..... 28a			
	b Less: allowance for doubtful accounts ..... 28b			
29	Receivables due from officers, directors, trustees, and other disqualified persons. Attach schedule .....	29		
30	a Other notes and loans receivable ..... 30a			
	b Less: allowance for doubtful accounts ..... 30b			
31	Inventories for sale or use .....	31		
32	Prepaid expenses and deferred charges .....	32		
33	a Investments – U.S. and state government obligations. Attach schedule .....	33a		
	b Investments – corporate stock. Attach schedule .....	33b		
	c Investments – corporate bonds. Attach schedule .....	33c		
34	a Investments – land, buildings, and equipment basis. Attach schedule .....	34a		
	b Less: accumulated depreciation ..... 34b			
35	Investments – other. Attach schedule .....	35		
36	a Land, buildings, and equipment (trade or business): basis .....	36a		
	b Less: accumulated depreciation ..... 36b			
37	Other assets. Describe ► .....	37		
38	Total assets. Add line 26 through line 37. (Must equal line 48) .....	38		
<b>Liabilities</b>				
39	Accounts payable and accrued expenses .....	39		
40	Deferred revenue .....	40		
41	Loans from officers, directors, trustees, and other disqualified persons .....	41		
42	Mortgages and other notes payable. Attach schedule .....	42		
43	Other liabilities. Describe ► .....	43		
44	Total liabilities. Add line 39 through line 43 .....	44		
<b>Net Assets</b>				
45	Trust principal or corpus .....	45		
46	a Undistributed income .....	46a		
	b Undistributed capital gains .....	46b		
	c Undistributed nontaxable income .....	46c		
47	Total net assets. Add line 45 through line 46c .....	47		
48	Total liabilities and net assets. Add line 44 and line 47 .....	48		
To be completed ONLY by an IRC Section 664 charitable remainder annuity trust:				
49	a Enter the initial fair market value (FMV) of the property placed in the trust .....	49a		
	b Enter the total annual annuity amounts for all recipients and attach schedules showing the amount for each recipient if more than one .....	49b		
To be completed ONLY by an IRC Section 664 charitable remainder unitrust:				
50	a Enter the unitrust fixed percentage to be paid to the recipients .....	50a		%
	b Unitrust amount. Subtract line 44, column (c) from line 38, column (c) and multiply the result by the percentage on line 50a .	50b		
<b>Note:</b> Complete line 51a through line 52b ONLY for those unitrusts whose governing instruments provide for determining required distributions with reference to the unitrust's income. Otherwise, enter the amount from line 50b on line 53.				
51	a Trust's accounting income for 2001 .....	51a		
	b Enter the smaller of line 50b or line 51a here and on line 53 below unless the following "Caution" applies .....	51b		
<b>Caution:</b> Line 52a and line 52b need to be completed by those unitrusts whose governing instruments provide for current distributions to make up for any distribution deficiencies in previous years due to the trust income limit. See IRC Regulations Section 1.664-3(a)(1)(b)(2). For these trusts, when completing line 53, enter the smaller of line 51a or line 52b.				
52	a Total accrued distribution deficiencies from previous years .....	52a		
	b Add line 50b and 52a .....	52b		
53	Unitrust distributions for 2001. If there is more than one recipient, attach a schedule showing the percentage of the total unitrust dollar amount payable to each recipient .....	53		
54	Carryover of distribution deficiency. Subtract line 53 from line 52b .....	54		
55	Did the trustee change the method of determining the fair market value (FMV) of the assets? If "Yes," attach an explanation .....			<input type="checkbox"/> Yes <input type="checkbox"/> No
56	Were any additional contributions received by the trust during 2001? If "Yes," attach schedule that lists assets and date(s) received .....			<input type="checkbox"/> Yes <input type="checkbox"/> No

# Instructions for Form 541-B

## Charitable Remainder and Pooled Income Trusts

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 1998**, and to the California Revenue and Taxation Code (R&TC).

### General Information

In general, California law conforms to the Internal Revenue Code (IRC) as of January 1, 1998. However, there are continuing differences between California and federal law. California has not conformed to most of the changes made to the IRC by the federal Internal Revenue Service Restructuring and Reform Act of 1998 (Public Law 105-206) and the Ticket to Work and Work Incentives Improvement Act of 1999 (Public Law 106-170). California has not conformed to any of the changes made by the Tax and Trade Relief Extension Act of 1998 (Public Law 105-277), the Miscellaneous Trade and Technical Corrections Act of 1999 (Public Law 106-36), the FSC Repeal and Extraterritorial Income Exclusion Act of 2000 (Public Law 106-519), the Consolidated Appropriations Act of 2001 (Public Law 106-554), and the Economic Growth and Tax Relief Reconciliation Act of 2001 (Public Law 107-16).

### A Purpose

Use Form 541-B to report the financial activities of a charitable lead trust, a charitable remainder annuity trust, a charitable remainder unitrust, or a pooled income fund.

### B Who Must File

The fiduciary or fiduciaries for all charitable remainder trusts (as defined in IRC Section 664), pooled income funds (as defined in IRC Section 642(c)(5)), or charitable lead trusts must file Form 541-B for each calendar year. In addition, the fiduciary or fiduciaries must also file Form 541-A, Trust Accumulation of Charitable Amounts, to report the information required in R&TC Section 18635, unless all net income is required to be currently distributed.

### C When to File

File Form 541-B on or before April 15, 2002. However, if you need additional time to file, California grants an automatic six-month extension. California does not require the filing of written extensions.

If the tax return is filed by the 15th day of the 10th month following the close of the taxable year (fiscal year) or by October 15, 2002 (calendar year), the extension will apply.

If **tax is owed**, see Specific Instructions, Part IV, Unrelated Business Taxable Income.

### D Where to File

Mail Form 541-B to:

FRANCHISE TAX BOARD  
PO BOX 942840  
SACRAMENTO CA 94240-0002

### E Trust Instrument

Do not file a copy of the trust instrument unless the Franchise Tax Board requests it.

### F California Tax Exemption

A charitable remainder annuity trust or a charitable remainder unitrust created after December 31, 1970, is exempt from California income tax, except for years when it has unrelated taxable business income. Even though exempt from California income tax, such a trust must file Form 541-B for the calendar year.

### G Final Return

For the last taxable year of a charitable remainder annuity trust or a charitable remainder unitrust, check the box labeled "Final Return" at the top of Form 541-B.

### H Signature

The fiduciary or officer representing the fiduciary must sign Form 541-B. Any person preparing the fiduciary's return for compensation, who is not a regular full-time employee of the fiduciary, must also sign Form 541-B.

### I Attachments

Use the schedules on Form 541-B unless you need more space. If you use attachments, they must:

- Show the form number and the taxable year;
- Show the trust's name and federal employer identification number;
- Include the information required by the form;
- Follow the format and line sequence of the form; and
- Be on the same size paper as the form.

### J Internet Access

You can download, view, and print California tax forms and publications. Go to our Website at:

[www.ftb.ca.gov](http://www.ftb.ca.gov)

## Specific Instructions

### Part I Ordinary Income

Divide the trust's income (both current and cumulative) into three categories: (1) ordinary income, (2) capital gains and losses, and (3) nontaxable income.

Deductions are allocated as follows:

1. Allowable deductions directly attributable to one or more classes of income items (i.e., interest, dividends, or rents) or corpus are allocated to such income classes or to corpus.
2. Allowable deductions not allocated under 1 above are allocated on the basis of gross income after directly attributable deductions, to the extent of such income.
3. Allocate deductions (not allocated under 1 or 2 above) in any manner, even if the allocation results in a loss.

Allocate any expense that is not deductible in determining taxable income and not allocated to nontaxable income to corpus. Allocate all income and excise taxes to trust corpus.

The following deductions are not permitted in computing ordinary income, capital gains, or nontaxable income, federal, state, and local income and excise taxes, charitable contributions (IRC Sec. 642(c)), net operating losses (IRC Sections 172 and 642(d)), distributions to beneficiaries (IRC Sec. 661), and capital loss carryovers (IRC Section 1212).

### Part II Accumulation Schedule

Report the income (both current and cumulative undistributed) of the trust for purposes of determining the character of distributions in three categories:

- Ordinary income;
- Capital gains and losses; and
- Nontaxable income.

A loss in any one of the three categories may not be used to reduce a gain in any other category. For example, a capital loss may not be used to reduce ordinary income. However, a loss in any category may be used to reduce undistributed gain for prior years within that same category, and any excess may be carried forward to reduce gain in future years within that same category.

### Part III Current Distributions Schedule

Annuity and unitrust amounts required to be distributed have the following characteristics to the recipients:

- First, as ordinary income to the extent of the trust's ordinary income for the current year and undistributed ordinary income for prior years.
- Second, as capital gain to the extent of the trust's undistributed capital gains.
- Third, as nontaxable income to the extent of the trust's nontaxable income for the current year and undistributed nontaxable income for prior years.
- Fourth, as trust corpus. The accumulation distribution provisions do not apply.

Furnish each recipient (beneficiary) listed in Part III with a Schedule K-1 (541), Beneficiary's Share of Income, Deductions, Credits, etc., that reflects his or her respective current distribution.

### Part IV Unrelated Business Taxable Income

If the trust has any unrelated business taxable income within the meaning of IRC Section 512 and related regulations for the taxable year, the trust is taxable on all its income for the taxable year as a complex trust.

Complete and file a separate Form 541, California Fiduciary Income Tax Return, to report income and deductions and to compute the tax. Income and deductions, including the deduction for distributions to beneficiaries, are computed in accordance with the regular trust rules contained in the instructions for Form 541. However, the recipients will be taxed on amounts they receive in accordance with Specific Instructions, Part III. The grantor and substantial owner provisions do not apply.

File Form 541 before April 15, 2002. If you are unable to file Form 541 by the return's due date and a tax is owed, get Form 3563, Automatic Extension for Fiduciaries.

### Part V Balance Sheet

Complete the balance sheet using the accounting method the trust uses in keeping its books and records. All filers must complete column (a). All unitrusts must also complete column (b).

In completing column (b) for unitrusts, if an average value is used for more than one valuation date, enter "average" for the valuation date at the top of the column and report each valuation date in the attached explanation for line 55. Also, for purposes of this column, fair market value (FMV) includes both accrued income and accrued liabilities.

#### Line 26 – Cash

Enter the total amount of cash, including cash held in checking accounts, deposits in transit, change funds, petty cash funds, or any other non-interest bearing accounts. Do not include advances to employees or officers or refundable deposits paid to suppliers or others.

#### Line 27 – Savings and temporary cash investments

Enter the total amount of cash in savings or other interest-bearing accounts and temporary cash investments, such as money market funds, commercial paper, certificates of deposit, and U.S. Treasury bills, or other governmental obligations that mature in less than one year.

#### Line 28 – Accounts receivable

Enter the total accounts receivable and trade notes that arose from the sale of goods and/or the performance of services on line 28a. Enter the allowance for doubtful accounts on line 28b. Any receivables due from officers, directors, trustees, foundation managers, or other disqualified persons must be reported on line 29. Claims against vendors or refundable deposits with suppliers or others may be reported here if not significant in amount. If the amount is significant, report it on line 37, Other assets. Receivables due from other employees (including loans and advances) should be reported on line 37.

#### Line 29 – Receivables due from officers, directors, trustees, and other disqualified persons

Enter the total amount of all receivables and loans (including advances) due from officers, directors, trustees, and other disqualified persons. Attach a schedule providing information as follows:

- Report each loan separately, even if more than one loan was made to the same person or the same terms apply to all loans made. Salary advances and other advances for personal use and benefit and receivables subject to special terms or arising from transactions not functionally related to the trust's charitable purposes must be reported as separate loans for each officer, director, etc.
- Receivables that are subject to the same terms and conditions (including credit limits and rate of interest) as receivables due from the general public and that arose in connection with an activity functionally related to the trust's charitable purposes may be reported as a single total for all the officers, directors, etc. Travel advances made in connection with official business of the trust may also be reported as a single total.

For each outstanding loan or another receivable that must be reported separately, the schedule should show the following information:

- Borrower's name and title;
- Original amount;
- Balance due;
- Date of note;
- Maturity date;
- Repayment terms;
- Interest rate;
- Security provided by the borrower;
- Purpose of the loan; and
- Description and the FMV of the consideration furnished by the lender.

The above detail is not required for receivables or travel advances that may be reported as a single total. However, report and identify those totals separately in the attached schedule.

**Line 30 through Line 36** – See the instructions for federal Form 5227, Split-Interest Trust Information Return, line 29 through line 35.

#### Line 37 – Other assets

Attach a schedule listing the value of all other assets not reported on previous lines.

#### Line 41 – Loans from officers, directors, trustees, and other disqualified persons

Enter the total unpaid balance of loans received from officers, directors, trustees, and other disqualified persons. For each loan outstanding at the end of the year, attach a schedule that provides the name and title of the lender and the information specified in the instructions for line 29.

#### Line 43 – Other liabilities

Both annuity trusts and unitrusts should include any advances from trustees on line 43. Unitrusts should also include any unitrust amounts applicable to prior years that are unpaid as of the valuation date since such amounts reduce the net FMV of the trust's assets.

#### Line 46 – Undistributed income, undistributed capital gains, and undistributed nontaxable income

Enter the total amount of undistributed income, undistributed capital gains, and undistributed nontaxable income.

Enter the unitrust fixed percentage (which may not be less than 5%) in the space provided on line 50a.

Enter the total accrued distribution deficiencies from previous years on line 52a. To determine the deficiencies:

1. Aggregate the unitrust's net asset FMV for each previous year.
2. Multiply 1 above by the unitrust's fixed percentage.
3. Subtract the aggregate trust income that was distributed for previous years from 2 above.

**Line 53** – Enter the total 2001 unitrust distributions reported in Part III.